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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 001331

SIPDIS

C O R R E C T E D C O P Y (PARA RE-NUMBERING 12-14 NOW 11-13)

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SUBJECT: THE DEPUTY SECRETARY'S MEETING WITH NAWAZ SHARIF

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Classified By: Anne W. Patterson, for reasons 1.4 (b)(d)

11. (C) Summary. During a March 25 meeting with the Deputy Secretary, Pakistan Muslim League-N leader Nawaz Sharif

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repeatedly complained about President Musharraf but agreed that "we must win, no matter how" in the battle against extremism. The Deputy Secretary suggested that "we agree to disagree" on the subject of Musharraf. The Deputy Secretary noted that finding a way to deal with militancy in the Pak-Afghan border region would be key to stabilizing Afghanistan. He outlined U.S. efforts to provide an integrated program of economic development and security assistance to Pakistan's tribal areas. Nawaz noted that it would be important to build popular support to fight extremism and urged dialogue with the U.S. on a strategy to move forward. A/S Boucher offered to follow up on this topic. End Summary.

12. (C) Deputy Secretary Negroponte, accompanied by SCA A/S Boucher and Polcouns, met March 25 with Pakistan Muslim League-N (PML-N) leader Nawaz Sharif. Also attending for the PML-N were Nawaz's brother Shahbaz Sharif, former ministers Nisar Ali Khan and Ishaq Dar, and PML-N Information Secretary Ahsan Iqbal.

13. (C) Nawaz told the Deputy Secretary that Pakistan's February 18 election had been free and fair, at least on election day but complained that his nomination papers, along with Shahbaz Sharif's, had been rejected by the Election Commission. He said he has been surprised by the extent of PML-N's success at the polls; this was the result of a large anti-Musharraf vote. Nawaz was also pleased by the defeat of the religious parties, whose seats in the National Assembly declined from 68 to 7. Shahbaz said that this showed Pakistan had returned to its traditional secular roots.

14. (C) Nawaz noted that the U.S. and Pakistan shared a common goal of opposing radicalism. When he was Prime Minister and Musharraf was Chief of Army Staff, Nawaz said he warned Musharraf that ISI was supporting the Taliban. He told then Saudi Prince Turki and ISI to meet Mullah Omar and convince him to close his camps. According to Nawaz, Musharraf said that the Taliban were Pakistan's first line of

defense, "so we cannot afford to oppose them." Nawaz claimed his policy was to support Afghanistan and the Northern Alliance but ISI was running a parallel operation to provide the Taliban with arms and fuel. After 9/11, Nawaz said, "we were all sad," but he had expected the U.S. to confront Musharraf rather than support him.

15. (C) The Deputy Secretary respond that he had been at the United Nations when Musharraf had his first meeting with President Bush in November 2001. We did not detect a pro-Taliban attitude on Musharraf's part at that time. Since then, we have partnered successfully with Musharraf and the GOP on the question of battling militant extremism. We know about ISI's history but believe that things have changed and they are on board with the need to fight terrorism.

16. (C) We want to look to the future and work together on what we see as a common agenda, said the Deputy Speaker. He agreed that the election reflected a Pakistani rejection of extremism. But, he noted, extremist groups can be unpopular and still create damage if left to their own devices. The U.S. wants to cooperate in how to deal with terrorism. We have a five-year \$150 million per year economic development program for the Federally Administered Tribal Areas (FATA) that we have just launched. This is complemented by a program to increase the military capabilities of the Frontier Corps.

17. (C) Nawaz said that Musharraf had been a one-man show, who never took political leaders into confidence about what was going on in FATA. There was no debate in parliament, which acted as a rubber stamp, on Musharraf's policies. The only news the Pakistani people heard on the FATA was what they saw on TV or in the newspapers. The Deputy Secretary noted that the new government now was in power and had an opportunity to change things. Nawaz agreed and said he hoped the parliament would now be sovereign. He was discussing FATA/extremism policy with a variety of partners, because consultations were important to reach an understanding on common objectives. Nawaz told the Deputy Secretary that he

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would like to know "through you" and the GOP what needed to be done, and how. "We must win, no matter how," insisted Nawaz, so he hoped to sit together with the U.S. to work out a strategy. The Deputy Secretary welcomed this opportunity and said A/S Boucher would follow up.

18. (C) The Deputy Secretary asked about Nawaz's views on relations with Afghanistan. After saying that the March 24 election of a new Prime Minister was an historic landmark for Pakistan, Nawaz added that the PML-N supported PM-elect Gillani's call for release of the judiciary and that Pakistan needed institutions that functioned independently. Nawaz then returned to the subject of Afghanistan, noting that when he was Prime Minister he had tried to bring about change without taking sides. He had not met President Karzai, but had spoken to him when Karzai called with congratulations after the election. The Deputy Secretary noted that Karzai was a good man; now that the Taliban proper was all but finished, Karzai was reaching out to the "reconcilables." Boucher clarified that this did not include Mullah Omar, as Nisar Ali Khan had suggested, but included the "fence-sitters," the local leaders who have been supporting the Taliban but were not hard-core members.

19. (C) Nawaz asked if the Deputy Secretary believed that Afghanistan could become a "normal" country or would continue drifting and become worse. The Deputy Secretary said definitively that "yes, we can visualize a normal Afghanistan," and achieving that goal would be a major topic for the upcoming NATO summit in Bucharest. The three areas we need are a combination of international support, strengthened security, and a better understanding of how to deal with militancy in the Pak-Afghan border region. This requires the attention of both Pakistan and Afghanistan.

Military aid was necessary but not sufficient; we also needed to provide democracy/good governance and economic assistance.

Nawaz asked if this meant military action plus talks; the Deputy Secretary responded that it depended on what the talks were for. We did not want talks to allow the militants space to regroup.

¶10. (C) Nawaz said that there was a need for frank discussions because militancy was creating unrest in Pakistan as well as problems for the U.S. He had been saddened by 9/11 and ashamed that Pakistanis were involved in the 7/7 attacks. Returning to his theme, Nawaz reiterated that Musharraf had not shared information on the fight against extremism with political leaders. This was similar to what Musharraf had done in the Kargil debacle when he acted independently. What Pakistan needs now, asserted Nawaz, is to build a popular consensus against extremism -- Musharraf has become part of the problem rather than part of the solution. Nawaz warned that the U.S. is perceived as pushing its agenda through a man who is deeply unpopular, so we should change our policy. The Deputy Secretary responded that based on several years of dealing with Musharraf, he could not agree on this point. Nevertheless, it was time to agree to disagree and move on.

¶11. (C) The Deputy Secretary turned the discussion to India. Nasir Ali Khan said that Nawaz had been the first to propose improved relations with India. Khan then claimed that the PML-N had been smeared with a disinformation campaign that suggested the party was linked to extremists and mullahs. This was untrue, according to Khan. He cited Nawaz's decision to override his advisors' "strategy of strategic defiance" and send Pakistani troops to the first Gulf War, his work with then President Clinton to defuse the Kargil crisis, and his opposition to Pakistan Army's plans to sell GOP nuclear assets. Nawaz, he said, had opened the economy and supported privatization and deregulation. Khan also alleged that the U.S. had denied Nawaz a visa.

¶12. (C) Boucher noted that we need to work together on how to move forward. Ishaq Dar suggested that sending Pakistan a few thousand tons of U.S. wheat to counter growing food shortages would be a good idea. Boucher responded that we had some ideas of how to work together on several fronts -- political, economic, and security -- and looked forward to additional discussions.

¶13. (U) The Deputy Secretary has cleared on this message.

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